

2011 Commission Voting Record

December 9, 2011 Commission Meeting in Anchorage, Alaska

8 of 11 Voting Members Present: Ward Hurlburt, Noah Laufer, Jeff Davis, Emily Ennis, Valerie Davidson, Keith Campbell, Allen Hippler, David Morgan.

Absent: Paul Friedrichs, Patrick Branco, Lawrence Stinson.

Motion	Vote
Add to statement describing Commission's guiding value of Personal Engagement: "Individual investment is a vital part of a robust health care system."	Moved by Mr. Hippler, Seconded by Mr. Morgan. Passed unanimously
In deference to Dr. Laufer's hero injury, vote by raising left hand instead of right.	Moved by Ms. Davidson. Passed unanimously.
Add to Commission's definitions a definition of Public Health, as follows: <ul style="list-style-type: none"> "Public health is what society does collectively to assure the conditions for people to be healthy. The two main characteristics of public health are 1) it is concerned with prevention rather than cure, and 2) it is concerned with population-level rather than individual-level health concerns. Public health protects and improves communities by preventing epidemics and the spread of disease; promoting healthy lifestyles for children and families; protecting against hazards in homes, worksites, communities and the environment; and preparing for and responding to emergencies." 	Moved by Ms. Davidson, Seconded by Mr. Campbell. Passed unanimously
To Draft Findings related to Cost of Health Care in Alaska, change first finding as follows: <ul style="list-style-type: none"> Health care spending in Alaska continues to increase faster than the rate of inflation, and consumes a growing share of Alaska's wealth. <ul style="list-style-type: none"> Total spending for health care in Alaska reached \$7.5 billion in 2010, a 40% increase from 2005. At current trends it is projected to double to more than \$14 billion by 2020. <u>By comparison, the value of oil output was X in 2010, and is projected to be x by 2020.</u> <u>Also by comparison, gross income was X in 2010, and is projected to be x by 2020.</u> Health spending in 2010 was roughly 50% of the value of oil produced at the wellhead that year. By comparison, this measure of health care spending against petroleum industry production (the major driver of Alaska's economy since statehood) was 6% in 1980, 16% in 1990, 33% in 2000, and is projected to reach between 72-74% by 2020. 	Moved by Mr. Davis, Seconded by Mr. Hippler. Passed on a vote of 7 to 0 with 1 abstention Voting in favor: Mr. Davis, Mr. Hippler, Mr. Campbell, Mr. Morgan, Ms. Ennis, Ms. Davidson, Dr. Laufer. Abstained: Dr. Hurlburt

<p>To Draft Findings related to Cost of Health Care in Alaska, change fifth finding as follows:</p> <ul style="list-style-type: none"> Alaska's health care utilization rates do not appear to be a major driver behind premium rates <u>being higher than in comparison states</u> higher premium rates based on financial analysis of the private health care system. Utilization of health care services in Alaska is roughly in line with comparison states, and is lower than the nationwide average. 	<p>Moved by Mr. Davis, Seconded by Mr. Campbell.</p> <p>Passed on a vote of 6 to 1 with 1 abstention</p> <p>Voting in favor: Mr. Davis, Mr. Campbell, Mr. Morgan, Ms. Ennis, Ms. Davidson, Dr. Hurlburt.</p> <p>Voting against: Mr. Hippler</p> <p>Abstained: Dr. Laufer</p>
<p>To Draft Findings related to Cost of Health Care in Alaska, change sixth and seventh findings to reflect final statistics provided by Milliman and make clarifications noted in proposed draft changes.</p>	<p>Moved by Mr. Hippler, Seconded by Mr. Morgan</p> <p>Passed unanimously</p>
<p>To Draft Findings related to Cost of Health Care in Alaska, seventh finding, delete paragraph regarding hospital operating margins, and replace with the following:</p> <ul style="list-style-type: none"> <u>"In 2010 the average all-payer operating margin for Alaska's private sector hospital system was 13.4% compared with the average of comparison states' hospital systems of 5.7%. Operating margins for individual Alaska facilities vary widely within these averages, ranging from -9.2% to 29.4%. For Medicare patients, the operating margin is 2.6 percentage points less than the comparison state average, at -11.5% in Alaska compared to -8.9% in the comparison states, causing upward pressure on commercial premiums in order to offset hospital losses.</u> 	<p>Moved by Ms. Davidson, Seconded by Mr. Davis</p> <p>Passed unanimously</p>
<p>To Draft Findings related to Cost of Health Care in Alaska, add the following:</p> <ul style="list-style-type: none"> Private Sector Hospital reimbursement in Alaska is high relative to comparison states driven by: <ul style="list-style-type: none"> High operating costs in rural Alaska, the average of which is 86% higher than the comparison state average, and High operating margins in urban Alaska, the average of which is 184% higher than the comparison state average. Non-facility based physician service reimbursement by commercial payers in Alaska is very high relative to comparison states driven by: <ul style="list-style-type: none"> High operating costs, and Significant negotiating leverage relative to payers. 	<p>Moved by Mr. Morgan, Seconded by Mr. Hippler.</p> <p>Motion Divided.</p> <p>1st bullet voted down 2 to 6. Voting in favor: Dr. Hurlburt, Mr. Morgan Voting against: Mr. Hippler, Mr. Campbell, Ms. Davidson, Ms. Ennis, Mr. Davis, Dr. Laufer</p> <p>2nd bullet voted down 1 to 7. Voting in favor: Mr. Morgan Voting against: Mr. Hippler, Mr. Campbell, Ms. Davidson, Ms. Ennis, Mr. Davis, Dr. Laufer, Dr. Hurlburt</p>

<p>To draft findings related to Cost of Health Care in Alaska, make the following changes under the ninth finding:</p> <ul style="list-style-type: none"> • <u>Lower physician discounts in Alaska can be at least partly explained by the relative lack of competition among providers, particularly for specialty care. In many areas, including Anchorage, there are a limited number of providers in any given specialty (sometimes only one provider group). As a result, physicians can largely dictate the fees they are paid by commercial payers.</u> • <u>Relative provider leverage may be further exacerbated by Alaska's regulation requiring usual and customary charge payment to be at least equal to the 80th percentile of charges by geographic area. Since many providers have over 20% of their market share, this implies that those providers can ensure that their charges are below the 80th percentile and therefore, receive payment for their full billed charges.</u> • <u>A separate state law requires payers to reimburse non-contracted providers directly instead of through the patient, removing incentives typically used by payers to encourage providers to join their networks.</u> • <u>For example, Milliman notes a state regulation requiring that claims be paid at the 80th percentile of charges by geographic area, limiting private payers' ability to negotiate rates and imposing a legal mandate to reimburse providers with more than 20% market share in a region for the full amount of billed charges regardless of the rate. Milliman also notes as an example a state law that requires payers to reimburse non-contracted providers directly instead of through the patient, removing incentives typically used by payers to encourage providers to join their networks.</u> 	<p>Moved by Mr. Davis, Seconded by Mr. Hippler.</p> <p>Passed unanimously.</p>
<p>To draft findings related to Cost of Health Care in Alaska, add the following:</p> <ul style="list-style-type: none"> • <u>The average payment for durable medical equipment (DME) in Alaska is 21% higher for all payers relative to the average comparison state payment level. DME consists of non-pharmaceutical items ordered by a provider for a patient. By payer, the average reimbursement for DME is:</u> <ul style="list-style-type: none"> ○ <u>23% higher for commercial payers in Alaska relative to the average across commercial payers in the comparison states</u> ○ <u>The same in Alaska for Medicare and TRICARE as the comparison states' Medicare and TRICARE average</u> ○ <u>180% higher for the VA in Alaska relative to the average VA payment across the comparison states</u> ○ <u>55% higher for the Alaska Medicaid program relative to the average Medicaid program payment across the comparison states (excluding N. Dakota)</u> ○ <u>98% higher for the Alaska Workers' Compensation</u> 	<p>Moved by Mr. Campbell. Seconded by Mr. Morgan.</p> <p>Passed unanimously.</p>

<u>program relative to the average of N. Dakota and Washington states' Workers' Comp payment level (Idaho, Oregon and Wyoming not available)</u>	
To Issues Prioritized for Study in 2012, deleted plans to study cost of Skilled Nursing Facility Care.	<p>Moved by Ms. Ennis, Seconded by Mr. Campbell.</p> <p>Passed 7 to 1.</p> <p>Voting in favor: Ms. Ennis, Mr. Campbell, Mr. Morgan, Mr. Hippler, Ms. Davidson, Dr. Laufer, Mr. Davis</p> <p>Voting against: Dr. Hurlburt</p>
To Issues Prioritized for Study in 2012, add plans to learn about behavioral health care system in Alaska.	<p>Moved by Ms. Ennis, Seconded by Dr. Laufer.</p> <p>Passed unanimously.</p>
To Issues Prioritized for Study in 2012, add plans to investigate whether tort reform legislation passed in Alaska in 2005 has had an impact on malpractice insurance rates for providers.	<p>Moved by Mr. Campbell, Seconded by Dr. Laufer.</p> <p>Passed 7 to 0, with 1 abstention</p> <p>Voting in favor: Mr. Campbell, Dr. Laufer, Dr. Hurlburt, Mr. Morgan, Mr. Hippler, Mr. Davis, Ms. Ennis</p> <p>Abstaining: Ms. Davidson</p>
<p>To Draft Price & Quality Transparency recommendation #2, make the following change:</p> <p>2. The Alaska Health Care Commission recommends the State of Alaska develop an All-Payers Claims Database for Alaska <u>study the need for and feasibility of an All-Payers Claims Database.</u></p>	<p>Moved by Mr. Davis, Seconded by Ms. Davidson.</p> <p>Passed unanimously.</p>
<p>To Draft Payment Reform recommendation #4, make the following addition:</p> <p>4. The Alaska Health Care Commission recommends the State of Alaska support efforts by state officials responsible for purchasing health care services with public funds to collaborate on the development of common purchasing policies. These collaborative efforts <u>should include key stakeholders, and</u> should be used as leverage to drive improved quality, effectiveness, efficiency and cost of care in Alaska's health care system. These efforts should endeavor to engage commercial payers and federal health care programs in alignment of payment policies in a multi-payer approach to minimize the burden on health care providers.</p>	<p>Moved by Ms. Ennis, Seconded by Mr. Hippler.</p> <p>Passed unanimously.</p>

<p>To Draft Behavioral Health Population-Based Prevention first Recommendation, make the following changes:</p> <ol style="list-style-type: none"> 1. The Alaska Health Care Commission recommends the State of Alaska support efforts to foster development of patient centered primary care models in Alaska that: <ul style="list-style-type: none"> o Integrate behavioral health services with primary physical health care services in common settings <u>appropriate to the patient population</u> o <u>Assure coordination between primary care and higher level behavioral health services</u> o Include screening for the patient population using evidence-based tools to screen for <ul style="list-style-type: none"> – A history of adverse childhood events – Substance abuse – Depression 	<p>Moved by Ms. Davidson, Seconded by Ms. Ennis.</p> <p>Passed unanimously.</p>
<p>To Draft Behavioral Health Population-Based Prevention second Recommendation, make the following change:</p> <ol style="list-style-type: none"> 2. The Alaska Health Care Commission recommends the State of Alaska develop with input from health care providers new payment methodologies for state-supported behavioral health services <u>to facilitate integration of primary physical health care services with behavioral health care services.</u> 	<p>Moved by Ms. Ennis, Seconded by Mr. Davis.</p> <p>Passed unanimously.</p>